

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE WITNESS ROBERT
CINTRON TO THE PUBLIC REPRESENTATIVE'S FIRST INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
(PR/USPS-T1-1-4)
(May 26, 2021)**

The United States Postal Service hereby provides its responses to the Public Representative's First Interrogatories and Requests for Production of Documents to United States Postal Service Witness Cintron, issued on May 19, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PUBLIC REPRESENTATIVE'S INTERROGATORIES

PR/USPS-T1-1: Please refer to page 10, lines 7-10 and 13-15, of witness Cintron's testimony. Witness Cintron states that "current average utilization of surface transportation capacity is 42 percent" and that "the surface transportation network has ample existing capacity to absorb volume from air transportation[.]" Witness Cintron further states that "through improved surface transportation capacity utilization and consolidation, we expect to require fewer surface transportation trips over a given period than we currently require."

- a. Please provide documentation on the average utilization of surface transportation capacity for Fiscal Year (FY) 2020, FY 2019, FY 2018, FY 2017, and FY 2016.
- b. Please discuss any previous initiatives that the Postal Service has pursued to optimize capacity utilization of its surface transportation network and the impacts of and obstacles encountered with regard to those initiatives.
- c. Please explain why, or why not, these obstacles will limit the Postal Service's attempts to optimize the surface transportation network in connection with the proposed service changes.
- d. Please explain the degree to which the current surface transportation utilization rate is a function of the current service standards.

RESPONSE:

- a. Please see: "1a - TRACS Floor Space Util Trend.xlsx" submitted as USPS-LR-N2021-1-22.
- b. The Postal Service pursued a prior initiative to hub 2-day mail to improve trip utilization and reduce trips and mileage. A reduction in trips, dock and yard activities, and mileage was realized by identifying a centralized transfer point within 3 hours' transit time of at least three 2-day pairs. The obstacles encountered included not having enough time to transfer and arrive prior to critical entry time at destination, not being able to eliminate trips that were needed for other purposes, and finding acceptable hub locations that could handle the transfers.

Another initiative is the Surface Optimization initiative, where a team of analysts reviews lanes with multiple trips and evaluates opportunities to reduce the number of trips based on improving utilization while continuing to meet service obligations.

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Utilization in the redundant lanes has increased from 40% in FY20 to 43% so far during FY21 YTD. The primary obstacles encountered in this initiative are that the scope is limited to lanes with multiple trips, as other lanes with single trips are driven by constrained service standard commitments. Other minor obstacles include that missing scan data sometimes under-reports utilization, and some trips are utilized for moving collection mail volumes or volumes for delivery between facilities and have time constraints that necessitate maintaining trips at particular times.

- c. As described in (b), the biggest constraint to reducing trips and improving utilization is based on the limited transit windows from origin to destination. The proposed service standard change will extend the transit window and open additional opportunities for consolidating and transferring volumes via hubs, or through multi-stop trips. Workload constraints at some of the hubs may limit opportunity until such point that the STCs are evaluated and adjusted.
- d. The requirement to run scheduled transportation to achieve service standard commitments, regardless of volumes, is the primary factor in low trip utilization. The baseline transportation optimization model using current service standards outputs 4,073 daily trips with a mileage of 2,139,302, and 66% trip utilization. The optimized surface routing model under the proposed service standards produced 3,566 trips with a daily mileage of 1,805,069, and 74% trip utilization. The number of trips decreased 12% and utilization increased 12%.

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PR/USPS-T1-2: Given the nature and scope of this request, please confirm that the Postal Service conducted operational or pilot testing of the proposed service standard changes.

- a. If confirmed, please explain in detail the nature and extent of the Postal Service's testing, including, but not limited to, dates, scope, and results of any testing.
- b. If not confirmed, please explain whether the Postal Service considered such testing and any reason(s) why testing was considered unnecessary or otherwise not pursued.

RESPONSE:

- a. The Postal Service did not test the proposed service standards.
- b. The Postal Service did not consider operational testing necessary. Current service standards are based on time and distance; therefore, the concept is well established. Analysis was completed to determine potential impact of the proposed service standards based on transit time. The Postal Service regularly implements air to surface transportation and implements surface transportation changes, as needed.

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PR/USPS-T1-3: Please refer to page 30, lines 18-20, of witness Cintron's testimony. Witness Cintron's testimony states that the Postal Service "has carefully considered impacts of the proposed changes to relevant stakeholders and measures to mitigate those impacts."

- a. Please explain how the Postal Service has evaluated the impact of presort mailers who may opt to dropship their mailpieces further downstream to avoid service disruption so that their customers can get their mail in time.
- b. Please confirm whether the Postal Service has considered a dropship discount. If confirmed, please provide:
 - i. An estimated discount;
 - ii. An explanation of how it was derived;
 - iii. And any potential cost/revenue impacts.
- c. Please refer to question 1, above. Please confirm that the Postal Service has considered that dropship mailers may change their mailing patterns in response to the proposed change and how that might result in surface transportation continuing to be underutilized.
 - i. If confirmed, please explain any additional measures in consideration to ameliorate underutilization.
 - ii. If not confirmed, please explain why the Postal Service does not believe these behaviors are likely to change, or why these behaviors are unlikely to affect utilization of the surface transportation network.

RESPONSE:

- a. The Postal Service considered the impact to customers as outlined in Cintron's testimony (USPS-T-1) at 30 and 31.
- b. The Postal Service did not consider a dropship discount for First-Class Mail in connection with this proceeding.
- c. The service standard proposal does not impact dropship service standards. It is understood that mailers may change mailing patterns in response to the proposal.
 - i. Monitoring lane utilization will continue, and under-utilized transportation will be adjusted and eliminated where possible to improve efficiencies.

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PR/USPS-T1-4: Please refer to pages 22-23, lines 14 and 1, of witness Cintron's testimony. Witness Cintron states that "[i]n very isolated cases, mail is also transported by barge, hovercraft, snowcat, rail, and mule."

- a. Has the Postal Service considered rail transportation as an alternative mode of surface transportation? If not, please explain why not.
- b. What efforts has the Postal Service made to evaluate the strategic advantages of utilizing rail transportation as a component of its surface transportation network?

RESPONSE:

- a. The Postal Service has considered rail transportation and will continue to explore opportunities to expand use of rail where feasible and where cost effective.
- b. The Postal Service meets regularly with major rail companies to evaluate current and potential future opportunities. Postal analysis has included service standard adjustment scenarios to evaluate how flexing service standards can increase potential use of rail lanes. The Postal Service currently employs rail to move volumes between NDCs as part of a pilot, and rail was leveraged to move packages between heavy markets from November through January. From January through February, additional rail lanes were implemented originating from New Jersey to several NDCs to move delayed volumes for the NDC network.